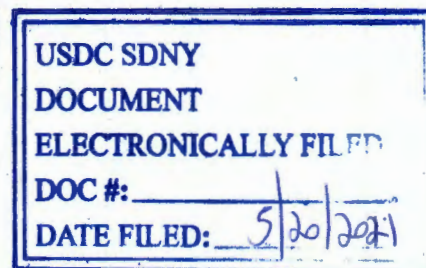


UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK



\_\_\_\_\_  
MAOLIN LI, et al.,

Plaintiff,

-against-

PRODIGY NETWORK LLC, et al.,  
\_\_\_\_\_

21 Civ. 1117 (CM)

NOTICE OF STAY IN BANKRUPTCY

McMahon, J.:

The plaintiffs in this lawsuit – two individuals who are citizens of the People’s Republic of China – have sued Prodigy Network LLC, a crowdfunding commercial real estate investment platform, and two related Delaware Limited Liability Companies. Plaintiffs seek either damages for losses they suffered as a result of investing in a Prodigy project located at 114 East 25<sup>th</sup> Street in New York City, or the return of their investment, along with other relief. Published news reports indicate that Prodigy sold this project at a \$10 million loss in or about June 2020. See, e.g., “Prodigy Network Files for Bankruptcy as Losses Mount,” *The Real Deal* (national edition), March 26, 2021, 4:55 PM; “Troubled Crowdfunding Firm Sells Building at \$10 Million Loss,” *The Real Deal* (New York edition), June 19, 2020, 8:00 AM.

The Complaint was filed on February 8, 2021. Per the docket, service was effected on an a Managing Agent of the Registered Agent of the three corporate defendants on February 10, 2021. No defendant appeared, and the Clerk of Court, as Plaintiffs’ request, entered a Certificate of Default on March 11, 2021. Plaintiffs first filed their motion for a default judgment on March 18, 2021, but it was rejected by the Clerk due to filing errors. The motion was refiled on April 6, 2021 (Docket # 25).

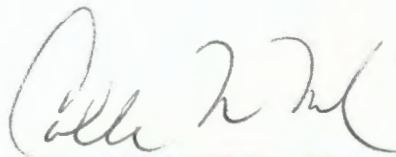
The court has consulted various internet sources and understands therefrom that defendant Prodigy Network LLC and ten affiliated companies filed in Chapter 7 in the District of Delaware on or about March 25, 2021, or 12 days before the motion for a default judgment was filed. *In re Prodigy Network LLC*, No. 21-10622 (D. Del.). See, e.g., “Real Estate Investment Platform Prodigy Network Hits Ch. 7,” *Law 360*, March 26, 2021. A review of the docket sheet in the Delaware Bankruptcy Court reveals that among the bankrupt corporations are two entities that may or may not be the additional defendants in this lawsuit. The additional defendants named in this lawsuit are Prodigy Shorewood Master Rep Fund LLC and Prodigy Shorewood Domestic Feeder Rep Fund LLC; the two entities that have filed in Chapter 7 are Prodigy Shorewood Domestic Feeder Rep Fund LLC 1234 West Randolph Series (No. 21-10613) and Prodigy Shorewood Domestic Feeder Rep Fund LLC 1234 West Randolph Series (No. 21-10615).

The filing in bankruptcy imposes an automatic stay of all proceedings against the debtors. 11 U.S.C. § 362(a)(1). No one representing any party to this case has notified the court of the pendency of the bankruptcy proceeding; but as Prodigy's filing has been widely publicized, the court cannot help but take note of the fact that it has indeed happened. If Plaintiffs have received notice of the bankruptcy they were obligated to bring it to the attention of the court.

Because of the automatic stay this court cannot adjudicate the motion for a default judgment as against any entity that has filed in bankruptcy. Indeed, the very filing of the motion by plaintiffs violated the automatic stay, as Prodigy filed its Chapter 7 proceeding more than a week before the corrected filing in this court. Plaintiffs' remedy against Prodigy and any other entity covered by the automatic stay, if any exists, lies in the Bankruptcy Court.

All proceedings in this action are stayed as to Prodigy Network LLC and any affiliated entity to which the automatic stay is in place. The court is sending a copy of this notice of stay to Prodigy's attorney so that he can advise me whether the stay extends to the two other named defendants in this action. The plaintiffs' motion for a default judgment is denied as against Prodigy Network LLC, without prejudice to renewal should there be anything left of their claim after the bankruptcy ends (which appears dubious). After hearing from Prodigy's bankruptcy attorney about the status of the other two defendants the court will rule on the motion for a default judgment as against them.

Dated: May 20, 2021



U.S.D.J.

BY ECF TO COUNSEL FOR PLAINTIFF

BY FAX AND FIRST CLASS MAIL TO:

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